



*Potential State Policies and Practices for  
Increasing Student Retention and Completion  
in Higher Education in Virginia*

Prepared for  
Council on Virginia's Future

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**Introduction.** The Council on Virginia’s Future asked the National Center for Higher Education Management Systems (NCHEMS) for assistance in identifying state policies and practices that could potentially increase current rates of student retention and degree completion in the state’s colleges and universities. This brief paper is a response to that request. The policies and practices listed are intended to apply primarily to public four-year and two-year institutions but some of them apply to independent institutions as well. They are presented in three main sections: funding, policies, and leadership. A brief opening section provides a context for developing policy that applies to all three areas.

**Context.** Student retention is an area that has been extensively studied since the early 1970s and much is known about the factors responsible for success. Virtually all of these factors, however, are things that institutions can choose to do or not do. Retention and completion rates vary widely across institutions with similar student bodies and of similar size and character, and it has been repeatedly shown that an institution’s culture and expressed values are as important to success in this area as the extent to which it follows best practices (AASCU 2005). Virginia has an especially diverse array of public four-year institutions with respect to admissions selectivity. And this means that while every institution can surely improve its performance with respect to retention and graduation performance, some institutions have a longer way to go than others.

Given this, a state cannot simply “cause” improvement. Instead, it must create incentives and set a tone of engagement to indirectly induce campuses to make the right choices (Jones, and Ewell 1993). To create this environment, the state needs to rationalize a policy agenda for student success that is visible, intentional, and coherent. Therefore, the first step in this arena that Virginia should take is to set clear statewide goals for degree attainment, set out in everyday language, that are inescapable for both the academic community and to the public at large. The State Council on Higher Education in Virginia (SCHEV) has already begun to garner support around the goal of matching the educational attainment goals of the best performing countries in the world by 2020—an achievement that would require more than 100,000 additional degrees during this time period. Announced initiatives—whether they are in funding, reporting, accountability policy, or fostering best practice—must be demonstrably linked to this agenda.

All such initiatives should also be mutually reinforcing. Arenas of institutional action that cannot be reached directly by a particular policy mechanism should be supplemented by other levers that cover what is missed. As a result, an immediate step that Virginia should take is to conduct a systematic policy audit of all current state policies and actions to determine the current and potential impact each has on student retention. Finally, the overarching lesson of decades of research about retention is that there is no “magic bullet;” success is instead a result of many little things, done consistently, by countless individuals across a campus. Above all, therefore, the state should make the reasons why it is taking these actions clear and create an agenda which is inspiring to the many faculty, staff, and students who will have to make them work.

**Funding Policies.** A state's funding policies, taken together, constitute the most powerful set of levers available to influence institutional and individual behaviors. These policies are in several distinct areas including institutional resource allocation mechanisms, use of financial aid dollars, and one-time investments to increase capacity or fund demonstrations that can be brought to a scale that noticeably impacts system-wide and institutional performance.

- **Fund Institutions Based on Outcomes.** Like most states, Virginia's current resource allocation mechanism for public institutions is based on student enrollments. Enrollments are typically counted on an established census date set early in the fall term. But the official census count may exceed the actual number of students who complete that term without withdrawing by a considerable margin. Changing these funding arrangements to base twenty percent or more of the total allocation on the basis of various outcomes would send a powerful message to institutions about the importance of retaining students. Objections are sometimes raised because of the perception that institutions will react by loosening academic standards to pass more students through. But Virginia currently has a robust approach to assessing student academic achievement and this should be used to ensure that institutions do not attempt this. Among the options available to Virginia here are:
  - Rewarding Course Completion. As noted, Virginia is among the vast majority of states that bases institutional resource allocation on census-date enrollment counts. Changing this approach to one that based a significant percentage of allocation on students successfully *completing* courses would also send a powerful message to institutions about the importance of student success without radically changing the basic logic of current allocation. This approach has advantages over rate-driven approaches in that institutions are less likely to try to "game" the system by limiting access to students who are more likely to succeed—a practice that (for most institutions) is likely to yield fewer actual completions, despite an increased rate.
  - Rewarding Degree Attainment. Virginia currently measures each public institution on the ratio between degrees produced and total enrollment and, under the state's strategic plan, rewards institutions for high ratios through additional incentives. But the margin of these payoffs is not very big. Furthermore, the approach used does not account for the fact that much of this variation is beyond a given institution's control because the biggest determinant of high performance is admissions selectivity. Other states that have adopted a performance funding approach—most notably, Oklahoma—adjust for this by basing the level of institutional reward upon the extent to which the institution exceeds the numbers of graduates that it should be expected to produce, estimated through a regression procedure using data on all institutions in the nation. Rewarding degree attainment, moreover, need not be confined to public institutions. For many years, for

example, “Bundy Funds” have been allocated to independent institutions in New York for each baccalaureate degree produced.

- Rewarding Intermediate Outcomes. A similar approach to funding can be applied to student attainment of various milestones on the way to a degree. These can include completion of particular levels of credit (e.g. 30 credits or the equivalent of one year of full-time study), completion of specific courses needed for success like English Composition or college-level mathematics, or (for community colleges) successful exit from developmental education. The State Board of Community and Technical Colleges (SBCTC) in the state of Washington recently implemented an exemplary performance funding system based on this approach.
- **Incentives and Support for Students.** Rewarding and supporting students financially as they progress through higher education represents an alternative or supplementary policy approach in the realm of finance. Intentionally or unintentionally, many incentives are currently built into Virginia’s state scholarship programs, and these should first be systematically audited to determine how these influence behavior. Furthermore, the state currently appears to have quite a large number of these programs and consideration should be given to simplifying these options.

Among the kinds of actions that might be considered under this heading are the following:

- Reward Students for Degree Completion. Although many students are already motivated to complete their degrees, providing them with an additional financial reward may motivate them even further. Alternatives here could range from forgiveness of a certain percentage of loans, a proportional tuition rebate, or direct cash payments. Such payments could be used in combination with the institutional performance incentives outlined above, with students and institutions splitting the payoff.
- Encourage Dropouts to Re-Enter. A surprising number of students who drop out of college do so after amassing a considerable number of college credits. Some institutions—most notably, the University of New Mexico—have invested resources in finding these students and inducing them to re-enroll to complete their degrees. Meanwhile, several states—including Oklahoma, Kentucky, and Tennessee—are implementing system-wide strategies to address this issue, realizing not only the additional degrees it is likely to yield, but also improved efficiency in producing them. As above, state funds might be used in Virginia to provide such former students with an opportunity to re-enter their original institutions and earn a degree.

- Establish an Emergency Financial Aid Fund. Many of the causes of drop-out are linked to one-time events that make it too burdensome for students to continue to afford college. Examples include loss of a job, an accident or health problem, or a family emergency. Experience has shown that establishing a small-sum emergency grant or loan program that can be deployed quickly when such a problem arises can boost the chances of preventing a sudden dropout considerably.
- **One-Time Investments to Stimulate Good Practice.** States can also fund institutions to experiment with promising practices or can invest in such practices themselves on a non-recurring basis. Such demonstration projects might sponsor a few institutions to try out such practices for a couple of years, paid for by a grant from the state, with the obligation to share results with other institutions at the conclusion of the experiment. This approach has proven successful in many policy areas, ranging from dual enrollment programs to the assessment of student learning outcomes. Effective practices known to be related to better retention that might be made the centerpiece of such an effort include (AASCU 2004):
  - A single mentor or case manager that stays with the student throughout his or her enrollment history at a given institution. (This may be even more important when students transfer from one institution to another.)
  - A single service-delivery center or facility on campus (or online) that provides “one-stop shopping” for a range of student services including registration, financial aid services, advising and counseling, and complaint management.
  - A comprehensive First-Year Experience program including learning communities and student success courses designed to build study skills.
  - High academic expectations for students, together with the support services needed to allow students to succeed.
  - In the state’s community colleges, mandatory assessment of basic skills using common tests and placement scores, together with mandatory placement into developmental education, if needed.

**Other State Policies.** Although funding policy represents the most powerful incentive for institutions to address student retention, there are a number of other policy arenas in which appropriate state actions can be beneficial. While a few of these are about accountability and reporting, most of these are about policies that govern student “flow” through the postsecondary educational “pipeline.”

- **Accountability Reporting.** SCHEV already requires the state’s public colleges and universities to report retention and graduation statistics. But these are buried with many other statistics on the Council’s website and the public may or may not

be aware of them. If student success is made the centerpiece of a statewide policy agenda, these statistics—presented forcefully in the form of a simple set of comparative graphics—might induce institutions to pay more attention to improve results. The Minnesota State College and University System (MnSCU), for example, recently created an “accountability dashboard” that contains such measures in a compelling visual display. Web-based utilities might also be created for the Council’s web page which would allow these statistics to be broken down by a number of demographic factors. This could enable students to see how students matching their own demographic profile fared at each institution, with their resulting market choices inducing institutions to improve. Including independent institutions in this effort on a voluntary basis would additionally enhance its usefulness.

- **Transfer Policies.** Virginia already has a comprehensive policy on transfer governing the associates degree and general education. But general education curricula differ substantially across four-year public institutions, so the application of this policy can be unclear. More importantly, individual course transfer may not occur in such a way that the course counts toward the particular degree or major program that the student is trying to pursue. Greater attention to monitoring how this policy is implemented so that transfer does not throw up barriers to student progress is certainly warranted. And although curricular diversity in Virginia’s historically differentiated public four-year sector is an asset to be protected, some attention to common course numbering (or clear crosswalks among courses with identical content) and course descriptions in some of the most frequently-taken and transferred lower-division courses may be warranted.
- **Accelerated Progress.** Much of the psychology of student dropout results from the fact that the four years needed to earn a bachelors degree—or even two years to earn an associates degree—can seem like a very long time. If students can be offered ways to reach their degree goals faster, some of this psychological disadvantage may be mitigated. Providing students with alternative ways to earn credit or achieve advanced placement may help considerably. One way to do this is to allow students to test out of particular courses. The College Level Examination Program (CLEP) offered by the Educational Testing Service is a good example that is no doubt already used on many Virginia campuses. Use of high-end scores on the ACT Work Keys battery to award some basic college credits represents another approach. But test-out provisions are not currently addressed by any state policies in Virginia that make them attractive for either institutions or students to use. Going farther, states like Florida have established their own test-out policies and examinations, enabling a student to challenge any course currently in the state’s common course inventory. A parallel approach is Prior Learning Assessment (PLA), in which students demonstrate, and receive credit for, what they already know through work or life experience. Again, many Virginia campuses probably use PLA, but without explicit encouragement or coordination by state authorities.

- **Dual Credit/Early College.** Virginia currently has two programs that encourage students to accelerate progress by taking college-level courses while still enrolled in high school—the Early College Scholars Program and the Commonwealth College Course Collaborative. But unlike states like Maryland or Washington, only a few students take advantage of this opportunity. Making this approach more visible and attractive to students early in their high school experiences might therefore be a fruitful area for policy action in Virginia. Linking these efforts to the kinds of student incentives for progress or early completion described earlier might make a campaign of this kind especially compelling.

**Leadership.** Policymakers in any state can not only set or influence policy directly, but they can also use their leadership positions to capture the “bully pulpit” and can convene stakeholders. Two examples of how Virginia higher education leaders might use their convening powers in this manner are:

- **Statewide Organization/Conference.** Virginia currently has a voluntary organization—the Virginia Assessment Group—that offers regular conferences and workshops on student outcomes assessment. This group, and its conferences, are currently self-supporting but the original money was put up by SCHEV more than twenty years ago. A similar approach might be taken in the area of retention and student success that would allow institutions to access best practices and share what they are doing. An alternative way to build capacity in this arena might be to provide support for a given number of faculty and staff from each institution to attend national conferences on this topic.
- **Board Seminars on Presidential Leadership.** The role of the president in promoting student success at any college or university cannot be overstated (AASCU 2004). The president should be the daily face of student success, should be cheerleading institutional efforts, “walking the talk” with respect to visibly helping students in difficulty, and rewarding staff who make real contributions in this area. But presidents differ enormously in the attention they devote to this matter. Accordingly, apprising public Boards of the importance of presidential leadership through occasional Board seminars underwritten with state funds could pay good dividends. Such seminars should encourage frequent reports to the Board on what the president is doing to promote student retention so the issue is kept on the front burner. They should also communicate strongly to Boards of the importance of presidential commitment to student success in the presidential recruitment process.

**Conclusion.** It is important to conclude this brief review by repeating the reminder that state action is important in this arena only insofar as it is able to stimulate institutional action. Institutions are where the difference will be made. Equally important, the state must establish a clear public agenda to further this work, give it frequent prominent attention, and integrate a coherent set of policies that are visibly linked to this agenda. The considerable body of research in student retention means that most good practices are already known. Most institutions, in turn, can implement such practices and show



results if they can be persuaded to do so by the proper array of state actions. This is an arena where state policy clearly can make a difference.

#### References

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